



IOWA FINANCE
AUTHORITY

HOMEBUYER PROGRAM APPLICANT TRAINING

December 13, 2012

1:00 PM - 4:00 PM

2013 Homebuyer Application



Homebuyer Agenda

Welcome and Opening Remarks

HOME Rules Overview

HOME Subrecipient Overview

Major Cross Cutting Regulations

Homebuyer Overview

Scoring & Threshold

Navigating the Application

Q & A

Welcome and Opening Remarks

Carolann Jensen, Chief Administration Officer

HOME Team Members

Connie Bryant, Rita Eble, Jerry Floyd, John Kerss,
Nancy Peterson, Christine Zimmerman

Long Term Compliance- Carol Wells

Application Due

DUE DATE: January 14, 2013 by 4:30 PM

Please submit application early in case of technical difficulties.

Allocation



Allocation

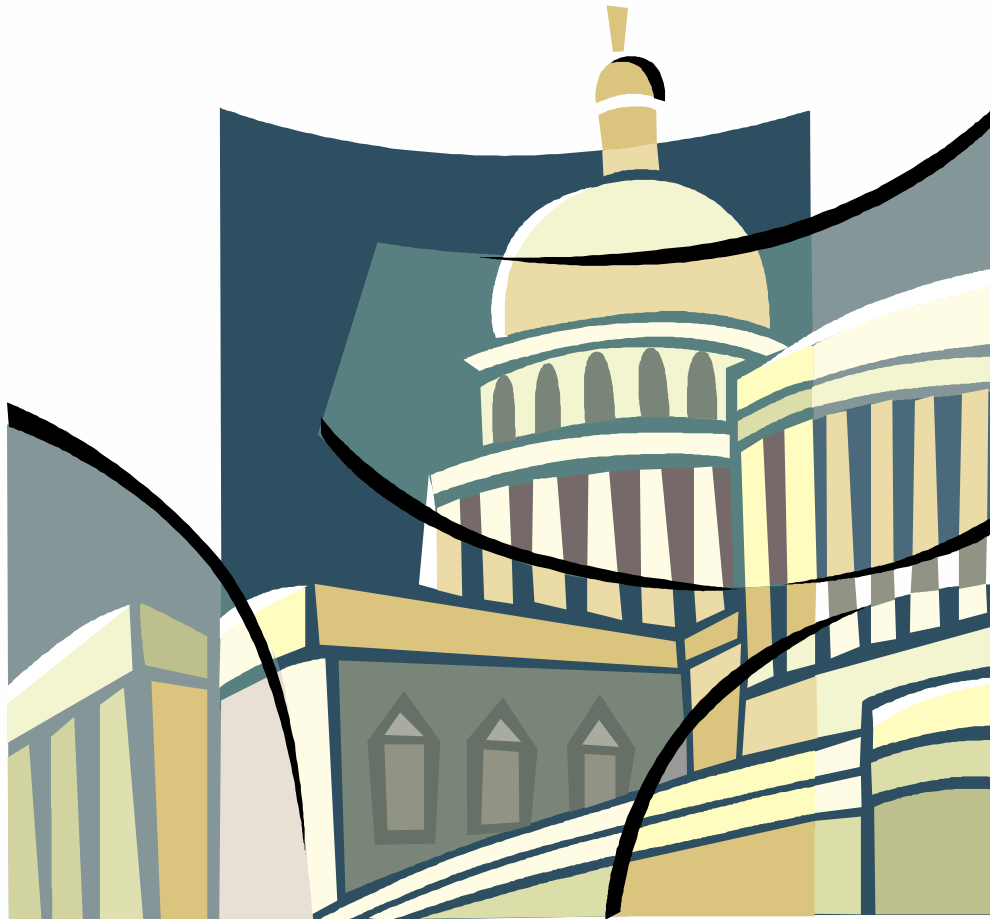
HOME Allocation 2013 (**estimate**) \$6 M

This is just an estimate of 2013 HOME funds.

Projected Breakout of HOME funds

- ✓ CHDOs: \$900,000
- ✓ Developer: HOME/LIHTC Rental: \$1,300,000
- ✓ Rental (no LIHTC): \$1,300,000
- ✓ TBRA Programs: \$1,000,000
- ✓ Homebuyer Programs: \$900,000

Rule Changes State and Federal



2013 Administrative Rule Changes

For homebuyer assistance, the after rehabilitation value for rehabilitated units shall not exceed the single-family housing mortgage limit as set forth by HUD's after-rehab value limits.

2012 Home Appropriation Requirements

- Four Year Project Completion
- Assessment of Project Underwriting, Developer Capacity, and Market Need
- Conversion of Homebuyer Units to Rental Units
- CHDO Development Capacity

Eligible Applicants

Eligible applicants for HOME assistance include all incorporated cities and all counties within the state of Iowa, and non-profit 501(c) organizations

Subrecipient

- A local government can choose to be the subrecipient organization or
- A non-profit can receive the funds directly as the subrecipient with the geographic area for the award described in the application

Subrecipient

A public agency or non-profit organization that receives HOME funds solely as a developer or owner of housing is not considered a subrecipient.

HUD and IFA will hold subrecipients **responsible** for all oversight of the grant.

Subrecipient

A Subrecipient **responsible** for compliance with all HOME regulations on behalf of IFA and failure to meet compliance regulations **could result** in repayment of funds by the subrecipient.

Subrecipients will be required to execute a Subrecipient Agreement (contract) with IFA.

Administration Cost

Only the subrecipient organization is eligible to receive the administration funds associated with managing the HOME funds locally.

General Administration is a separate activity contained in the subrecipient's approved budget and shown on Exhibit A of the HOME contract.

Administration Cost

Administration funds may be used to reimburse the following:

- Costs of operation including salaries, utilities, office supplies, etc.;
- Legal counsel;
- Providing public information;
- Fair housing and affirmative marketing activities;

Subrecipient

- Indirect costs under a cost allocation plan prepared in accordance with the Office of Management and Budget (OMB) Circular requirements; and
- Complying with other Federal requirements (employment and contracting, environmental review, lead-based paint, recordkeeping, relocation).

Subrecipient

The subrecipient of the HOME program will need to perform the following:

- Administration functions where HOME is used to reimburse actual staff costs;
- Developing systems and schedules to ensure compliance with the HOME program requirements including income eligibility;

Subrecipient

- Developing and filing of mortgages and deed restrictions and HOME written agreements with homebuyers;
- Long-term monitoring of HOME-assisted housing (resident verification and insurance);
- Preparing reports and other documents;

Subrecipient

The following technical service fees may be contracted following the competitive bidding process and procurement procedures:

- The subrecipient would retain full responsibilities and oversight for the work completed by any contractor;
- The cost of technical services cannot exceed \$4,500 per HOME-assisted address.

Subrecipient

Technical service fees are project-specific costs assigned to the specific address of the home purchased through this program:

- Appraisals;
- Preparation of work specifications;
- Construction inspections and oversight (must be provided prior to each draw);

Subrecipient

- Inspections for the presence of lead hazards or defective paint;
- Advisory and other relocation services;
- Project-specific environmental reviews;
- Homebuyer counseling (if the buyer is HOME-assisted).

Contract Timeline



Contract Timeline

- Work completion date is 2 years
- Extensions will only be granted if significant progress has been made
- HOME funding can be de-obligated if a program cannot utilize all or a portion of the HOME funds.

Conflict of Interest

- No employee, officer, or agent of a subrecipient may participate in the selection, award, or administration of a contract supported by HOME if a real or apparent conflict of interest could be involved.

Conflict Defined

Conflict arises when:

1. Any employee, officer, or agent
2. Any member of his or her immediate family
3. His or her partner
4. Or an organization which employs or is about to employ any of the parties above

Has a financial or other interest in the firm
selected for an award

Procurement

- Non-profits must follow 24 CFR Part 84
- Governmental entities must follow 24 CFR 85

Procurement

- All transactions must “be conducted in a manner to provide, to the maximum extent practical, open and free competition”
- Generally, all agreements for goods or services must be bid out
- All awards must be made to the bidder whose bid is responsive to a solicitation and is “most advantageous to the recipient, price, quality and other factors considered”

Procurement

- Contractors must be responsible, so even the lowest bid may be rejected if a subrecipient reasonably believes that the contractor cannot undertake the project
- Records should be maintained to detail the procurement for each project

Procurement

- Must ensure nondiscrimination in the solicitation and award of contracts
- All projects utilizing HOME funding must take affirmative steps to use small businesses and minority- or women-owned businesses as sources of supplies, equipment, construction, and services

Policy and Code of Conduct

- A procurement policy and code of conduct has been created that must be adopted and submitted to IFA before HOME funds can be drawn
- Subrecipients are obligated to create a plan to ensure that the code of conduct is being followed

Recapture with Net Proceeds

- IFA requires that all programs utilize the recapture with net proceeds method
- Different types of recapture with net proceeds methods can be found in HUD's HOME Final Rule

Recapture with Net Proceeds

- HUD requires that a direct subsidy be provided for the recapture method to be used, so all projects must have some downpayment assistance
- Once recapture is utilized, subrecipients are responsible for securing the net proceeds for any sale of a HOME-assisted property during the affordability period

Recapture with Net Proceeds

- HUD requires that all homebuyers be aware of the recapture provisions, so it must be included within their contracts
- IFA has provided sample language
- If the correct recapture language is not utilized, subrecipients are still responsible to pay back the full amount of HOME assistance provided

Recapture with Net Proceeds

- Subrecipients are responsible for notifying IFA of the abandonment, sale, or foreclosure of any HOME-assisted properties within their affordability period.
- Recaptured funds are not considered program income and must be returned to IFA.

Lead Based Paint



Lead Based Paint

- The HOME program is impacted by HUD's Lead Safe Housing Regulations.
- This legislation is formally known as:

“Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule”
(24 CFR, Part 35)

Lead Based Paint

- HUD has also issued “[interpretive guidance](#)” to Lead Safe Housing Regulations.
- The applicability of the various subparts of this regulation will depend upon the type of activity you are undertaking.

Lead Based Paint

- You are encouraged to read and become familiar with the subparts of this legislation that apply to your activity.
- Be aware that more than one subpart may apply. If this is the case, the most restrictive subpart takes precedence.

Lead Based Paint

- Everyone should become familiar with Subpart B (definitions of terms) and Subpart R (details specific requirements and procedures for reducing or abating lead-based paint hazards).

Lead Based Paint

There are a number of [exemptions](#) to the regulations.
Exemptions that could be encountered with your program:

- Structures constructed after January 1, 1978;
- Residential properties free of lead-based paint (documented through a specific inspection protocol);
- Residential properties where all lead-based paint and hazards have been completely abated and documented accordingly;
- Any rehabilitation to a pre-1978 structure not disturbing painted surfaces;

Lead Based Paint

NOTIFICATION

- There is an up-front notification requirement to the current or the intended occupant(s) of the assisted unit. This initial notification is to convey general information of lead-based paint dangers.
- You need to use EPA's standard pamphlet "[Protect Your Family from Lead in Your Home](#)" or the Iowa Department of Public Health's pamphlet "[Lead Poisoning - How to Protect Iowa's Families](#)" for this purpose.
- Documentation indicating that this initial notification was conveyed to the occupant(s) must be contained in your project files.

Lead Based Paint

- In conjunction with the notification requirements, reports need to be prepared for all inspections/risk assessments conducted, presumptions/visual risk assessments, and for all final visual risk assessments/clearance testings conducted.
- Where lead hazard abatement or paint abatement was conducted; specific reports/documentation is required, particularly if a lead-free certification on the unit(s), is being sought.
- These reports need to be accomplished in accordance with the IDPH's requirements found in Chapter 70 of the Iowa Administrative Code.
- Certified lead professionals must be familiar with the IDPH's requirements.

Lead Based Paint

- Another notification requirement (an IDPH / EPA requirement) is the “Pre-Renovation Notification”.
- Contractors are required to notify the property owner about lead-based paint and lead-based paint hazards when their renovation work will disturb painted surfaces.
- This requirement applies to any renovation work the contractor performs on target housing assisted with or without HUD funds.

Lead Based Paint

IDENTIFICATION

- There are also requirements for lead-based paint and lead-based paint hazards identification. What is specifically required in terms of identification will depend on what activity you are undertaking.
- If you are undertaking rehabilitation (of any kind), identification of lead-based paint and lead-based paint hazards requirements vary depending on the amount of HUD assistance invested per unit.
- To assist with complying with the requirements that are dependent on the level of assistance provided, the following flowcharts give direction based upon the amount of hard rehabilitation costs involved in the project.

[Up to \\$5,000](#) – [Over \\$5,000 up to \\$25,000](#) – [Over \\$25,000](#)

Lead Based Paint

- Implementation of HUD's Lead Safe Housing Regulations (LSHR) has been a collaborative and cooperative effort between two state departments, IFA and IDPH.
- IDPH is responsible for administering the related and cross-cutting Environmental Protection Agency (EPA) regulations.
- A summary of the implementation of the new Federal Lead-Based Paint requirements can be found [here](#).
- HUD's Lead Safe Housing Regulations rely on a framework of personnel trained and/or certified in accordance with the [IDPH's State EPA program](#).

Lead Based Paint

- The existence of the two regulations can lead to confusion on which applies to activities utilizing federal assistance, the differences between HUD's LSHR and the EPA's Renovation, Repair and Painting (RRP) regulation and the changes for HUD LSHR projects are summarized in the following [guidance](#). (It is explained in the narrative after the table comparing the two).
- Frequently asked questions specific to the IDPH implementation of the rules can be found [here](#).

Lead Based Paint

LEAD PROFESSIONALS NEEDED TO IMPLEMENT THE HUD REGULATIONS

- Those trained and/or certified under IDPH's program are collectively referred to as [lead professionals](#). Certain procedures or processes involved in the implementation of HUD's Lead Safe Housing Regulations can only be accomplished by lead professionals.
- Lead professionals include persons or firms who conduct lead abatement (lead hazard abatement or lead paint abatement), lead inspections, elevated blood lead (EBL) inspections, lead hazard screens, risk assessments, visual risk assessments, clearance testing after lead abatement, clearance testing after interim controls, paint stabilization or standard treatments, on-going maintenance, or rehabilitation pursuant to 24 CFR 35.1340.
- These lead services must be procured according to federal procurement requirements.

Lead Based Paint

- The preceding information is only a brief summary of the requirements. You should become familiar with HUD's Lead Safe Housing Regulations (particularly Subparts B and R, and any other subpart applicable to the type of activity you are conducting if your project or activity involves target housing).
- The HUD “[Guidelines for the Control of Lead-Based Paint in Housing](#)” (made available to all individuals that have taken any of the IDPH’s lead professional training and certification courses) is another valuable reference tool, particularly for procedural issues.

Relocation

Any project being funded with HOME funds that will result in either the Temporary Relocation or Permanent Displacement of current tenants *must* comply with the Relocation Assistance Policy and with all of the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

Relocation

Federal law and IFA require that all reasonable steps be taken to minimize the displacement of persons as a result of a development assisted with HOME funds.

Relocation

In order to comply with these requirements, IFA will be enforcing the following:

- The IFA HOME program will now only allow for the acquisition of owner-occupied and vacant homes in homebuyer programs.

Relocation

- The acquisition of vacant homes is allowable only if the owner can prove to IFA's satisfaction that a tenant was not displaced for the purpose of selling the home.
- The intention of this policy is to prevent situations where tenants will be displaced resulting in unanticipated expense for the homebuyer program.

Relocation

- In order to document compliance with HOME Program requirements, each homebuyer file must contain two completed forms:
 - [Notice to Seller – Voluntary Acquisition Notice](#)
 - [Seller's Occupancy Certification](#)

Relocation

- After the buyer/grantee has determined the property's market value and has notified the owner of this amount in writing, the buyer may negotiate freely with the owner in order to establish the purchase price.

Relocation

- If the seller refuses to accept the offer, the buyer/individual must look for another property to purchase.

Relocation

- The seller must be notified of the preceding information. If, for any reason, the seller is not informed of these facts prior to closing, the seller should be immediately informed and allowed to withdraw from the purchase agreement without penalty.

Relocation

- The notice assists the grantee/buyer to document that the owner-occupant was fully advised that their purchase price was voluntarily negotiated and they will NOT be eligible for relocation assistance.

Environmental



Environmental

- This type of project is Categorically Excluded Subject to Other Federal Laws and Regulations.
- There will be time constraints because of publication and contacting the Indian Tribes.

Affirmative Fair Housing Marketing Plans

HOME Program
Single Family

Why is it important to have an Affirmative Marketing Plan?

Affirmative Marketing is a tool used to:

- Contact targeted groups of individuals that may not be reached by traditional methods of marketing.
- It also helps demonstrate that the housing project is following Federal Laws such as Title VI of the Civil Rights Act, Fair Housing Act, Section 504, Americans with Disabilities Act and Age Discrimination.
- When marketing housing units the IFA looks for complete and well thought through plans

Protected Classes

Federal

Color

Race

Familial Status

National Origin

Disability

Religion

State

Creed

Sexual Orientation

Gender Identity

Retaliation

Always use EEO Language or Symbol



Section 504

Use Accessible Logo



The Plan

- Use the most current Affirmative Fair Housing Marketing Plan
- HUD form 935.2B Single Family Housing
- Provide Demographics

Demonstrate Non-Traditional Outreach

- Demonstrate what non-traditional advertising sources will be used.
 - Newspapers – which directly serve a targeted group
 - Radio – which directly serve a targeted group
 - Presentations – to a targeted group
- List Specific marketing contacts.
 - Agencies that directly work with a targeted group
 - Community Organizations
 - Churches
 - Restaurants
- IFA will require marketing be done for persons with disabilities.

Questions?

Nancy Peterson (Pete)
Iowa Finance Authority
1-800-432-7230 or
515-725-4900

Homebuyer Overview



Type of Programs

- Downpayment Assistance
- Acquisition with Rehabilitation

Eligible Participants

- First-time homebuyer only
- Household incomes must be at or below 80% of area median income (income eligibility determination is valid for 6 months)
- HUD has a new tool available for income determination [CPD Income Eligibility Calculator](#)
- Property must be principal residence

Residency Requirement

- Homebuyer must use the HOME-assisted unit as the primary residence throughout the affordability period
- If the HOME-assisted unit is not the primary residence ALL direct and indirect subsidy (except admin) must be repaid to HUD by the homebuyer
- If the homebuyer cannot repay, the subrecipient is responsible for repayment
- Subrecipient must confirm at least annually that the HOME assisted unit is the primary residence

Forms of Ownership

Holding fee simple title

Property Standards



Property Standards

- Each house must be inspected, and housing quality standards must be met at time of occupancy
- In the absence of local codes/standards/ordinances, existing structures must meet Iowa's Minimum Housing Rehabilitation Standards (population of 15,000 or less)

Affordability

Period of affordability starts when project status in IDIS is changed to “complete”

Amount of HOME funds establishes the time period of affordability

Affordability period is the same regardless of whether assistance is a grant or a loan.

Affordability Periods

\$1,000-\$14,999

5 years

\$15,000-\$40,000

10 years

Over \$40,000

15 years

After-Rehab Value

For homebuyer assistance, the after rehabilitation value for rehabilitated units shall not exceed the single-family housing mortgage limit as set forth by HUD's after-rehab value limits.

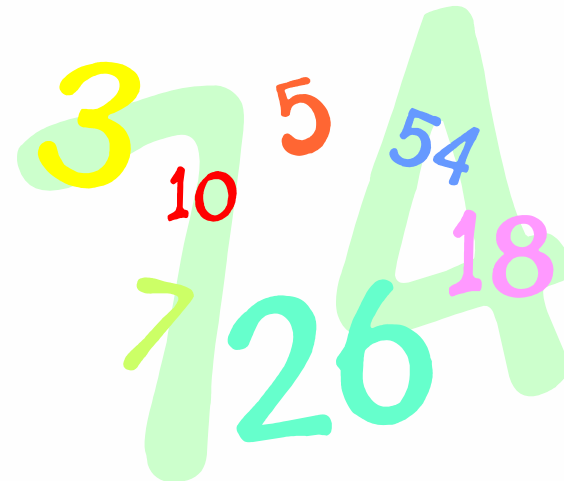
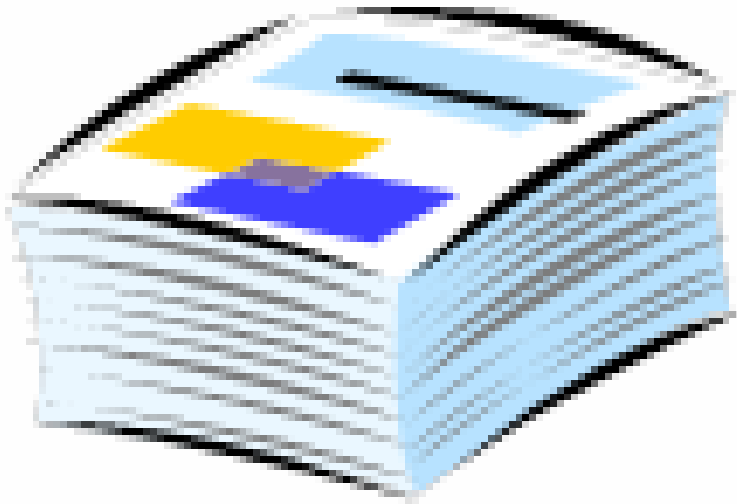
Appraisals

- All Homebuyer properties require an appraisal (Down-payment only and rehab)
- A copy of the lender's appraisal is acceptable
- Appraisal must be less than 6 months old
- Must be provided with draw documentation

Appraisals

- In rehab projects, the after-rehab value must be determined by the appraiser
- This requirement should be communicated with the lender
- A copy of the property work write-up needs to be provided to the appraiser prior to the site visit

Scoring and Threshold



Navigating the Application



Q & A



To Submit Questions

If you have a question after the training, please email: carolann.jensen@iowa.gov

- Questions must be submitted in writing so that responses can be published on the IFA HOME webpage each Friday while the round is open.
- Only those questions responded to in writing can be relied on as the policy of the agency

DISCLAIMER

This presentation is intended as general information only and does not carry the force of legal opinion.